

statutory provision or Commission rule prohibits Bell Atlantic from using its own CPNI to market and supply an existing service just because the service has been deregulated.¹⁵⁸

54. In providing payphone services, Bell Atlantic must comply with the Commission's pre-existing Computer III CPNI requirements, to the extent that they are consistent with section 222 of the 1996 Act, and any regulations adopted by the Commission pursuant to section 222. In its payphone CEI plan, Bell Atlantic represents that it will comply with section 222 and all CPNI requirements adopted in the Commission's CPNI rulemaking proceeding. Accordingly, we find that Bell Atlantic's plan comports with CPNI requirements. In reaching this conclusion, we do not address issues raised by APCC relating to traffic information on the use of semi-public payphones, or Bell Atlantic payphone's access to service order, billing or other statistical information about Bell Atlantic's business or residence customers. Issues relating to the interpretation of section 222, and how it relates to the Computer III CPNI rules, are being addressed in the CPNI rulemaking, and therefore will not be considered here. We do, however, reject APCC's request that we require Bell Atlantic to inform site owners about competitive options for semi-public payphone service, because no such requirement was adopted in the Payphone Order or in the Reconsideration Order, or is otherwise required by our CEI rules.

2. Network Information Disclosure

55. The Payphone Order requires Bell Atlantic to disclose to the payphone services industry information about network changes and new network services that affect the interconnection of payphone services with the network.¹⁵⁹ Bell Atlantic must make that disclosure at the "make/buy" point; that is, when Bell Atlantic decides whether to make or to procure from an unaffiliated entity any product whose design affects or relies on the network interface through which a PSP interconnects with Bell Atlantic's public switched network.¹⁶⁰ Bell Atlantic must provide that information to members of the payphone services industry that sign a nondisclosure agreement, within 30 days after the execution of such nondisclosure agreement.¹⁶¹ Bell Atlantic also must publicly disclose technical information about a new or modified network service twelve months prior to the introduction of that service.¹⁶²

¹⁵⁸ Id. at 13.

¹⁵⁹ Payphone Order, at para. 206

¹⁶⁰ Phase II Order, 2 FCC Rcd at 3086, para. 102.

¹⁶¹ Id. at 3091-3093, paras. 134-140.

¹⁶² Id. at 3092, para. 136. We note that, under the Commission's rules, if a BOC is able to introduce the service within twelve months of the make/buy point, however, it may make public disclosure at the make/buy point. It may not, however, introduce the service earlier than six months after public disclosure.

56. In the Payphone Order, the Commission waived the notice period for disclosure of network information relating to the "basic network payphone services" in order to ensure that payphone services are provided on a timely basis consistent with the other deregulatory requirements of that order.¹⁶³ Pursuant to this waiver, network information disclosure on the basic network payphone services must have been made by the BOCs no later than January 15, 1997.¹⁶⁴

57. Bell Atlantic represents that all PSPs may connect their payphone CPE to Bell Atlantic's basic network through standard, publicly disclosed network interfaces.¹⁶⁵ Bell Atlantic commits to disclosing any new services or network changes that affect the interoperability of payphone services with the network.¹⁶⁶ As described above, consistent with the requirements of the Payphone Order, Bell Atlantic made the necessary network disclosure for its new network interface in August 1996.¹⁶⁷ We therefore find that Bell Atlantic's CEI plan comports with the Commission's network information disclosure requirements.

3. Nondiscrimination Reporting

58. In the Payphone Order, the Commission directed the BOCs to comply with the Computer III and ONA requirements regarding nondiscrimination in the quality of service, installation, and maintenance.¹⁶⁸ Specifically, BOCs are required to file the same quarterly nondiscrimination reports, and annual and semi-annual ONA reports, with respect to their basic payphone services that they file for other basic services to ensure that the BOCs fulfill the commitments made in their CEI plans with respect to the nondiscriminatory provision of covered service offerings, installation and maintenance.¹⁶⁹

¹⁶³ Payphone Order at para. 146.

¹⁶⁴ See id.

¹⁶⁵ Bell Atlantic CEI Plan at 6.

¹⁶⁶ Bell Atlantic CEI Plan at 10.

¹⁶⁷ Bell Atlantic March 31st Ex Parte.

¹⁶⁸ Payphone Order at para. 207.

¹⁶⁹ See Payphone Order at para. 207; BOC ONA Reconsideration Order, 5 FCC Rcd 3084, 3096, Appendix B (1990), BOC ONA Amendment Order, 5 FCC Rcd 3103 (1990), Erratum, 5 FCC Rcd 4045, pets. for review denied, California II, 4 F.3d 1505 (9th Cir. 1993), recon., 8 FCC Rcd 7646 (1991), BOC ONA Second Further Amendment Order, 8 FCC Rcd 2606 (1993), pet. for review denied, California II, 4 F.3d 1505 (9th Cir. 1993); Phase II Order, 2 FCC Rcd at 3082, para. 73; and Filing and Review of Open Network Architecture Plans, CC Docket No. 88-2, Memorandum Opinion and Order, Phase I, 6 FCC Rcd 7646, 7649-50 (1991).

59. Bell Atlantic represents that it will continue to comply with all existing Commission orders and any future Commission orders related to nondiscrimination reporting.¹⁷⁰ Bell Atlantic commits to modifying its quarterly Installation and Maintenance Nondiscrimination Reports filed pursuant to ONA requirements to include performance data for the basic network services provided to unaffiliated and affiliated payphone service providers.¹⁷¹ Bell Atlantic also commits to include payphone related information in its annual filing of the ONA Nondiscrimination Maintenance Report.¹⁷² We find that Bell Atlantic's CEI plan comports with the Commission's nondiscrimination reporting requirements.

C. Accounting Safeguards

60. In the Payphone Order and the Accounting Safeguards Order, the Commission concluded that it should apply accounting safeguards identical to those adopted in Computer III to BOCs providing payphone service on an integrated basis.¹⁷³ Pursuant to Computer III, the BOCs must adhere to certain accounting procedures to protect ratepayers from bearing misallocated costs. These safeguards consist of five principal elements: 1) the establishment of effective accounting procedures, in accordance with the Commission's Part 32 Uniform System of Accounts requirements and affiliate transactions rules, as well as the Commission's Part 64 cost allocation standards; 2) the filing of cost allocation manuals (CAMs) reflecting the accounting rules and cost allocation standards adopted by the BOC; 3) mandatory audits of carrier cost allocations by independent auditors, who must state affirmatively whether the audited carriers' allocations comply with their cost allocation manuals; 4) the establishment of detailed reporting requirements and the development of an automated system to store and analyze the data; and 5) the performance of on-site audits by Commission staff.¹⁷⁴ Bell Atlantic must comply with these accounting safeguards.¹⁷⁵ We note that the approval granted to Bell Atlantic in this order is contingent upon the CAM amendments associated with Bell Atlantic's provision of payphone service going into effect.

D. Other Issues

1. Sufficiency

¹⁷⁰ Bell Atlantic CEI Plan at 10.

¹⁷¹ Bell Atlantic Apr. 11th Ex Parte.

¹⁷² Id.

¹⁷³ Payphone Order at paras. 157, 199, 201; Accounting Safeguards Order, at para. 100.

¹⁷⁴ BOC Safeguards Order, 6 FCC Rcd at 7591, para. 46.

¹⁷⁵ We note that Bell Atlantic represents that joint and common costs will be allocated pursuant to Bell Atlantic's Cost Allocation Manual (CAM) and that it will file CAM changes to cover the accounting of unregulated payphone service costs, pursuant to the Payphone Order. Bell Atlantic CEI Plan at 8-9.

61. APCC, the Payphone Associations, and Telco generally assert that Bell Atlantic's CEI plan insufficiently describes how Bell Atlantic intends to comply with the CEI requirements, and request the Commission to require Bell Atlantic either to amend or to refile its plan.¹⁷⁶ As discussed above, we find that Bell Atlantic adequately complies with each of the CEI requirements.

2. Tariffing Issues

62. APCC and the Payphone Associations raise various objections to the content of Bell Atlantic's state tariffs.¹⁷⁷ APCC and the Payphone Associations contend that the structure of Bell Atlantic's tariffs and Bell Atlantic's failure to disclose its pricing methodologies do not permit an effective comparison of the charges for various services and service elements so as to ensure that the tariffs are cost based and that the coin line service is no longer subsidized by regulated services.¹⁷⁸ For example, both APCC and the Payphone Associations allege that the payphone rates tariffed by Bell Atlantic in Pennsylvania are discriminatory because coin line service costs far more on average than COCOT service, even though the coin line service includes certain features "bundled" with the coin line, while many of these same features must be purchased separately from the COCOT service.¹⁷⁹ Similarly, the Payphone Associations claim that the COCOT rates tariffed by Bell Atlantic in New Jersey are exorbitant and cannot be reasonably claimed to be cost-based.¹⁸⁰ Bell Atlantic responds that complaints about the adequacy of the rates or other aspects of its state tariffs should be raised in state tariff proceedings, not in this CEI proceeding.¹⁸¹ It argues that the Commission has delegated to the states the responsibility for reviewing Bell Atlantic's coin line tariffs.¹⁸²

63. We agree with Bell Atlantic that the state or federal payphone tariff proceedings are the appropriate fora to address complaints concerning the tariffed rates, terms and conditions. The Commission stated in the Reconsideration Order that it would "rely on the states to ensure that the basic payphone line is tariffed by the LECs in accordance with

¹⁷⁶ APCC Comments at 1-2, Telco Comments at 2-3, Payphone Associations Comments at 4-8.

¹⁷⁷ See APCC Comments at 8-11; Payphone Associations Comments at 13-23.

¹⁷⁸ APCC Comments at 7-11; Payphone Associations Comments at 15-23 (The Payphone Associations focus their comments on the payphone tariffs that Bell Atlantic filed in Pennsylvania and New Jersey).

¹⁷⁹ APCC Comments at 7-9; Payphone Associations Comments 16-20.

¹⁸⁰ Payphone Associations Comments at 21.

¹⁸¹ Bell Atlantic Reply at 7.

¹⁸² Id.

the requirements of section 276."¹⁸³ That order required that the tariffs for these LEC services must be: (1) cost based; (2) consistent with the requirements of section 276 with regard, for example, to the removal of subsidies from exchange and exchange access services; and (3) nondiscriminatory.¹⁸⁴ In addition, the order established that "[s]tates must apply these requirements and the Computer III guidelines for tariffing such intrastate services."¹⁸⁵ The order further stated that "[w]here LECs have already filed intrastate tariffs for these services, states may, after considering the requirements of this order, the Report and Order, and section 276 conclude: 1) that existing tariffs are consistent with the requirements of the Report and Order as revised herein; and 2) that in such case no further filings are required."¹⁸⁶ Finally, the Commission noted that "[s]tates unable to review these tariffs may require the LECs operating in their state to file these tariffs with the Commission."¹⁸⁷

3. Screening Codes

64. APCC, AT&T and MCI contend that Bell Atlantic is required, pursuant to the Reconsideration Order, to provide PSPs using COCOT lines (SCL service) screening code digits that uniquely identify their lines as payphone lines.¹⁸⁸ APCC asserts that if Bell Atlantic transmits a unique screening code only on its coin line payphones, which are primarily used only by payphones operated by Bell Atlantic, and not on its COCOT lines, which are primarily used by PSPs, Bell Atlantic is discriminating in favor of its own payphone provider by providing it a great advantage in the collection of per-call compensation from IXCs.¹⁸⁹ In addition, MCI maintains that Bell Atlantic's plan does not provide screening codes digits that can be "transmitted by PSPs for all access methods and from all locations."¹⁹⁰

¹⁸³ Reconsideration Order, at para. 163.

¹⁸⁴ Reconsideration Order, at para. 163; see also id. at n.492 (noting that the "new services test required in the Report and Order is described at 47 C.F.R. Section 61.49(g)(2)").

¹⁸⁵ Id.

¹⁸⁶ Id.

¹⁸⁷ Id.

¹⁸⁸ APCC Comments at 19-21; AT&T Comments at 2; MCI Comments at 1-2. Screening code digits allow interexchange carriers (IXCs) to track payphone calls for the purpose of paying per-call compensation to LECs. As APCC states, "with a unique screening code, the IXC knows immediately that a call is compensable, and should not have to take any further steps in order to calculate the compensation due for each particular ANI invoiced by an [independent PSP]." APCC Comments at 20.

¹⁸⁹ APCC Comments at 20-21.

¹⁹⁰ MCI Comments at 2. MCI maintains that, for example, LECs "do not provide automatic number identification or information digits with feature group B access and from non-equal access areas." Accordingly, argues MCI, "PSPs would not be able to transmit specific payphone coding digits from

65. In reply, Bell Atlantic represents that, in accordance with the Payphone Orders, Bell Atlantic will transmit "27" (NCL) and "07" (SCL) line screening codes based solely on the type of line used by a PSP, not according to whether the PSP is affiliated or unaffiliated.¹⁹¹ Bell Atlantic also asserts that, pursuant to the Commission's latest OLS order, it has made FLEX ANI available to interexchange carriers by tariff.¹⁹² Using FLEX ANI, Bell Atlantic represents that it will transmit a "70" code that uniquely identifies SCLs as payphone lines.¹⁹³ Additionally, Bell Atlantic will provide quarterly COCOT lists identifying all payphone lines in service as well as monthly bill notations indicating that a line is used for a payphone, which will aid carriers in verifying the calls from line numbers that transmitted the 07 code.¹⁹⁴

66. We find that the issue of whether Bell Atlantic is providing screening information in compliance with the requirements established in the payphone rulemaking proceeding is outside the scope of the CEI review process and is more appropriately addressed in a formal complaint or other proceedings.¹⁹⁵ We note that this issue is currently under review.

4. Numbering Assignments

67. According to APCC, the Payphone Order requires LECs to assign line numbers to payphones on a nondiscriminatory basis.¹⁹⁶ APCC contends that Bell Atlantic's CEI plan is deficient in that it does not describe its number assignment policy or how that policy is applied to Bell Atlantic's payphone division and other PSPs.¹⁹⁷ APCC maintains that Bell

payphones in these circumstances and, therefore, they would not be eligible for compensation." Id.

¹⁹¹ Bell Atlantic Reply at 10.

¹⁹² Id. at 11.

¹⁹³ Id.

¹⁹⁴ Id.

¹⁹⁵ See, e.g., Policy and Rules Concerning Operator Service Access and Pay Telephone Compensation, CC Docket No. 91-35, CCB/CPD File Nos. 96-18, 96-25, and 96-32, Memorandum Opinion and Order, DA 96-2169, at 2 n.7 (rel. Dec. 20, 1996) (citing MCI petition for clarification of LECs' obligation to provide screening code digits, and stating that MCI's petition would be addressed in a subsequent order). We note that in its Reconsideration Order, the Commission stated that, once per-call compensation becomes effective, "[e]ach payphone must transmit coding digits that specifically identify it as a payphone, and not merely as a restricted line." Reconsideration Order at para. 64. That order further required that "all LECs must make available to PSPs, on a tariffed basis, such coding digits as part of the ANI for each payphone." Id.

¹⁹⁶ APCC Comments at 18 (citing Payphone Order at para. 149).

¹⁹⁷ Id. at 18-19.

Atlantic should be required to reallocate the numbers assigned to the existing base of payphones, without charge, so that an equal percentage of LEC payphones and PSPs are assigned 8000 and 9000 series numbers.¹⁹⁸ In reply, Bell Atlantic asserts that it presently assigns new payphone numbers, including 8000 and 9000 blocking numbers, on a nondiscriminatory, first-come, first-served basis regardless of whether the requesting PSP is affiliated or unaffiliated with Bell Atlantic.¹⁹⁹

68. We agree with APCC that the Payphone Order requires LECs to provide numbering assignments on a nondiscriminatory basis; it did not, however, require LECs to reallocate existing number assignments.²⁰⁰ Bell Atlantic represents that it presently assigns payphone numbers on a nondiscriminatory basis. We conclude that no further showing is required by Bell Atlantic in the context of this CEI plan.

5. Dialing Parity

69. MCI asserts that Bell Atlantic does not explain how it will comply with the dialing parity requirement in the Payphone Order, including access to operator services, directory assistance, and directory listings.²⁰¹ In reply, Bell Atlantic represents that, in the Payphone rulemaking proceeding, the Commission ruled that the duty to provide intraLATA dialing parity applies to payphones when the duty is generally required.²⁰²

70. The Payphone Order concluded that the dialing parity requirements adopted pursuant to section 251(b)(3) of the 1996 Act should extend to all payphone location providers.²⁰³ The Commission stated that such dialing parity for payphones should be implemented at the same time as dialing parity for other telephones.²⁰⁴ Bell Atlantic must, of course, comply with these requirements. We conclude, however, that Bell Atlantic is not required as part of the CEI process to demonstrate how it will comply with the dialing parity requirement. The Commission specified in the Payphone Order that a BOC's CEI plan must describe how it will conform to the CEI requirements with respect to the specific payphone

¹⁹⁸ Id. at 18-19. APCC argues that assignment of numbers in the 8000 to 9000 range provides a distinct advantage in the prevention of fraud by alerting overseas operators to refrain from completing collect calls to such numbers.

¹⁹⁹ Bell Atlantic Reply at 10.

²⁰⁰ Payphone Order at para. 149.

²⁰¹ MCI Comments at 2-3.

²⁰² Bell Atlantic Reply at 13.

²⁰³ Payphone Order at para. 292.

²⁰⁴ Id.

services it intends to offer and how it will unbundle those basic payphone services.²⁰⁵ Therefore, MCI's request that Bell Atlantic detail how it will comply with the dialing parity requirement is outside the scope of this CEI review proceeding.

6. Uncollectibles

71. AT&T asserts that Bell Atlantic must explain its treatment of uncollectibles due to fraud.²⁰⁶ AT&T contends that, to the extent Bell Atlantic establishes a policy of foregoing uncollectibles due to fraud for its payphone service affiliates, the same treatment must be accorded to non-affiliates.²⁰⁷ Bell Atlantic represents that, because collect calls, calling card calls, and other alternately billed calls will continue to be offerings of Bell Atlantic's operator services, the risk and responsibility for performing validation through LIDB and the billing and collection for these calls, including attendant fraud losses and uncollectibles, will remain with the operator service provider.²⁰⁸ We find that, while the Payphone Order generally requires that fraud protection must be available on a nondiscriminatory basis, it does not establish any specific requirements for uncollectibles. Because the issue of the treatment of uncollectibles appears to raise principally accounting matters, that issue will be addressed in review of Bell Atlantic's CAM.

7. Operator Services

72. APCC contends that Bell Atlantic's CEI plan fails to specify whether Bell Atlantic's operator services are part of its deregulated payphone services.²⁰⁹ APCC claims that, if Bell Atlantic's operator services are regulated, Bell Atlantic must demonstrate that it is not subsidizing its payphone operations or discriminating between its payphone operations and other PSPs in the provision of these services.²¹⁰ For example, if Bell Atlantic is offering a commission to its payphone operations for presubscribing its payphones to Bell Atlantic's operator services, then such commissions must be available to independent PSPs on the same terms and conditions.²¹¹ Bell Atlantic responds that its operator services are regulated services

²⁰⁵ Payphone Order at para. 203-04.

²⁰⁶ AT&T Comments at 3.

²⁰⁷ Id.

²⁰⁸ Bell Atlantic Reply at 14.

²⁰⁹ APCC Comments at 22.

²¹⁰ Id.

²¹¹ Id.

and will be offered to affiliated and nonaffiliated PSPs on a nondiscriminatory basis.²¹² Bell Atlantic does not plan to "resell" operator services as a deregulated service for either inmate services or payphone services in general.²¹³ Bell Atlantic represents that, as a carrier and operator service provider, it will bear the same responsibility as other carriers to provide appropriate per call compensation for calls originating from independent provider payphones.²¹⁴

73. Operator services are regulated services. Because Bell Atlantic must offer such services to affiliated and nonaffiliated PSPs on a nondiscriminatory, tariffed basis, Bell Atlantic's CEI plan is not deficient because it does not address whether Bell Atlantic considers operator services to be part of its deregulated payphone service. We note that, in the Reconsideration Order, the Commission declined to require LECs to make available, on a nondiscriminatory basis, any commission payments provided to their own payphone divisions in return for the presubscription of operator service traffic to the LEC, because the Commission concluded that the level of 0+ commissions paid pursuant to contract on operator service calls was beyond the scope of section 276 and the Payphone proceeding.²¹⁵ We conclude that Bell Atlantic has sufficiently addressed the concerns raised by APCC.

8. Inmate Calling Services Issues

74. The Inmate Calling Service Provider Coalition (ICSPC) raises a number of issues related to Bell Atlantic's provision of inmate calling services (ICS). ICSPC contends that Bell Atlantic should be required to identify the network support and tariffed services it will provide to its ICS operations.²¹⁶ ICSPC also argues that Bell Atlantic must disclose whether its regulated operations will provide its ICS operations with inmate call processing and call control functions and information for fraud protection, and the validation of called numbers.²¹⁷ ICSPC contends that such services or information must be provided to other carriers on a nondiscriminatory basis. According to ICSPC, Bell Atlantic's failure to describe its provision of ICS in detail prevents the Commission from determining whether Bell Atlantic has complied with the requirements of section 276.²¹⁸ In addition, ICSPC asserts that

²¹² Bell Atlantic Reply at 14-15.

²¹³ Id. at 14.

²¹⁴ Id. at 15.

²¹⁵ Reconsideration Order, at para. 52.

²¹⁶ ICSPC Comments at 2-3, 11.

²¹⁷ Id. at 10-18.

²¹⁸ Id. at 3.

Bell Atlantic should be required to disclose whether its payphone operations will be responsible for the cost of ICS calls for which they are unable to collect.²¹⁹

75. ICSPC also asserts that Bell Atlantic must show that any call processing and call control system used for its ICS is being provided on a deregulated basis, regardless of whether that system is located at a central office or at a customer premises.²²⁰ According to ICSPC, to the extent Bell Atlantic's call processing and call control systems dedicated to ICS are located in Bell Atlantic's central offices, Bell Atlantic must provide physical or virtual collocation to other providers.²²¹ ICSPC also contends that Bell Atlantic must disclose information on interfaces between Bell Atlantic's equipment dedicated to ICS and its regulated network support services, so that other providers can utilize the same interface if they wish.²²²

76. In a subsequent ex parte filing,²²³ ICSPC argues that section 276 requires the BOCs to treat collect call processing for ICS as part of their nonregulated ICS operations because collect calling is fundamental to ICS.²²⁴ According to ICSPC, if a BOC's ICS operation "hands off" collect calls to its network-based operator services division for processing and that division assumes the responsibility and risk associated with billing and collecting for those calls, then the BOC is essentially providing ICS as a regulated service and is still subsidizing that service contrary to the prohibition in section 276.²²⁵

77. In response to ICSPC's arguments, Bell Atlantic contends that its CEI plan defines payphone services as including inmate payphones and specifically identifies the network services that are available to PSPs that provide payphones to correctional institutions.²²⁶ Bell Atlantic disputes ICSPC's characterization of inmate services as more complex and complicated than other payphone services.²²⁷ Bell Atlantic describes its inmate payphones as payphones that permit only automated collect calls through an operator service

²¹⁹ Id. at 8-9.

²²⁰ Id. at 9-10.

²²¹ Id. at 18.

²²² Id. at 19.

²²³ See Letter from Albert H. Kramer to William Caton (Mar. 19, 1997) (ICSPC Ex Parte Response).

²²⁴ Id. at 1-2.

²²⁵ Id. at 2.

²²⁶ Bell Atlantic Reply at 12.

²²⁷ Id.

provider and, in some cases, limited coin calls.²²⁸ Bell Atlantic claims that the equipment used for inmate call restriction, PIN identification, and related security controls are dedicated to specific correctional facilities and has been classified as deregulated CPE.²²⁹

78. Bell Atlantic also represents that collect calls from inmate facilities will continue to be offerings of Bell Atlantic's operator services and, therefore, the risk and responsibility for performing billing validation, including attendant fraud losses and uncollectibles, remains with Bell Atlantic's operator services, which is the same treatment accorded to all calls that use Bell Atlantic's operator services.²³⁰ Bell Atlantic does not intend to "resell" operator services as a deregulated service.²³¹ Bell Atlantic represents, however, that its operator services will continue to serve independent payphone providers and Bell Atlantic payphones on a non-discriminatory basis.²³² When a call is handed off from Bell Atlantic pay telephones to Bell Atlantic's operator services, which is a regulated service, the call will be handled as a regulated call, in the same way as any other call handed off to Bell Atlantic's operator services.²³³ Bell Atlantic represents that, in most of its inmate facilities, it uses a store and forward technology²³⁴ to transmit the calls by contracting with a third party vendor that processes the calls for both Bell Atlantic and the presubscribed IXC using equipment

²²⁸ Id.

²²⁹ Id.

²³⁰ Id. at 14.

²³¹ Id.

²³² Id. at 15.

²³³ Id. at 14.

²³⁴ Bell Atlantic explains the store and forward technology as follows:

When an inmate dials a 0+ automated call, the PSP, either in the set or through ancillary equipment, stores the number and redials the call as a direct dialed or 1+ call with a recording requesting that the called party signal acceptance of a collect call. The call is billed to the PSP by the carrier transporting the call at direct dialed rates. The PSP, in turn, bills the party that accepted the collect call at rates set by the PSP. The store and forward method is transparent to the inmate placing the call as well as the recipient of the call who agrees to accept charges. These calls from the perspective of the consumer are indistinguishable from other collect calls placed by dialing 0 plus the called number.

owned by the vendor.²³⁵ Bell Atlantic claims that the vendor charges fees to both Bell Atlantic and the IXC for its services and delivers the message detail to each for billing purposes.²³⁶ Bell Atlantic notes that these calls are then billed in the same manner and at the same rates as collect calls generally.²³⁷ Bell Atlantic represents that the call processing in these instances is viewed as adjunct to Bell Atlantic's operator services.²³⁸

79. ICSPC argues that this approach not only conflicts with section 276 and the Payphone Order, but also violates the Commission's Declaratory Ruling on ICS equipment, issued a year ago.²³⁹ ICSPC contends that, to prevent subsidies and discrimination in connection with deregulated inmate calling services, Bell Atlantic must ensure that uncollectibles are directly assigned to regulated and unregulated operations, and that all network services supporting the deregulated ICS operation must be unbundled from the inmate calling service and made generally available under tariff to ICS providers, and purchased for resale by Bell Atlantic's own ICS operation.²⁴⁰

80. Section 276 specifically defines payphone service to include the provision of inmate telephone service in correctional institutions.²⁴¹ In the Reconsideration Order, we clarified that the requirements of the Payphone Order apply to inmate payphones that were deregulated in an earlier order.²⁴² Thus, Bell Atlantic is required to reclassify as unregulated assets all of its payphone assets related to its provision of ICS, with the exception of the loops connecting the inmate telephones to the network, the central office "coin service" used to

²³⁵ Id. Bell Atlantic represents that call processing equipment owned by a third party vendor is utilized in over 80 percent of its inmate accounts. Bell Atlantic notes that, in a few instances, the equipment is either owned by Bell Atlantic or no call processing equipment is utilized. Id.

²³⁶ Id.

²³⁷ Id.

²³⁸ Id.

²³⁹ Letter from Albert H. Kramer to William Caton (Apr. 10, 1997) (ICSPC Apr. 10th Ex Parte) citing Petition for Declaratory Ruling by the Inmate Calling Services Providers Task Force, Declaratory Ruling, 11 FCC Rcd 7362, 7373 (rel. Feb. 20, 1996) (Inmate Service Order)

²⁴⁰ ICSPC Apr. 10th Ex Parte

²⁴¹ 47 U.S.C. § 276(d).

²⁴² Reconsideration Order, at para. 131 (citing Petition for Declaratory Ruling by the Inmate Calling Services Providers Task Force, Declaratory Ruling, 11 FCC Rcd 7362, 7373 (rel. Feb. 20, 1996) (Inmate Service Order); Petitions for Waiver and Partial Reconsideration or Stay of Inmate-Only Payphones Declaratory Ruling, Order, 11 FCC Rcd 8013 (Com. Car. Bur. 1996)).

provide the ICS, and the operator service facilities used to support the ICS.²⁴³ In addition, Bell Atlantic is required to offer on a tariffed basis any basic payphone service or network feature used by its payphone operations to provide ICS.²⁴⁴

81. We conclude that Bell Atlantic's CEI plan comports with our CEI requirements with respect to its provision of ICS. Bell Atlantic avers that it will treat as deregulated all of its payphone equipment, including that used for ICS,²⁴⁵ and that the underlying network services used to interconnect Bell Atlantic's ICS are available on a tariffed basis to all PSPs under the same terms, prices, and conditions.²⁴⁶ Additionally, Bell Atlantic will purchase the newly-tariffed Inmate NCL service to provide its inmate calling services. Although we agree with ICSPC that any call processing and call control equipment related to Bell Atlantic's provision of ICS must be reclassified as nonregulated, regardless of whether that equipment is located at a customer premises or a Bell Atlantic central office,²⁴⁷ it appears that Bell Atlantic has done so. We find no support in the Payphone Order or Reconsideration Order for ICSPC's contention that Bell Atlantic is required to provide collect calling as a nonregulated service when used with inmate payphones.

82. We conclude that the other issues raised by ICSPC related to the provision of ICS either have already been addressed in this Order or are beyond the scope of this proceeding. We find that there is no requirement in the Commission's rules, and ICSPC has cited no authority, that obligates Bell Atlantic to allow the collocation of nonaffiliated providers' call processing and call control equipment in a central office. As previously noted, the issue of the treatment of uncollectibles will be addressed in the review of Bell Atlantic's CAM. Finally, with regard to the disclosure of interface information, we have already concluded that Bell Atlantic's CEI plan comports with the Commission's network information disclosure requirements.

9. Primary Interexchange Carrier (PIC) Selection

83. Oncor asserts that in order for Bell Atlantic's CEI plan to comply with the "spirit" of the Commission's CEI requirements, the plan must address various issues

²⁴³ See Payphone Order, at paras. 157, 159.

²⁴⁴ See Payphone Order, at paras. 146-49; Reconsideration Order, at paras. 162-63.

²⁴⁵ Bell Atlantic Reply at 12.

²⁴⁶ Bell Atlantic CEI Plan at 5.

²⁴⁷ Payphone Order, at paras. 157, 159. See also Inmate Service Order, 11 FCC Rcd at 7373.

concerning the payphone PIC selection process.²⁴⁸ AT&T also asserts that Bell Atlantic's CEI plan should describe how Bell Atlantic will ensure that the PIC selection process for payphones will be performed on a nondiscriminatory basis.²⁴⁹ Bell Atlantic responds that both independent payphone providers and Bell Atlantic will be able to select and control, in the same manner, their "PIC" of a presubscribed interexchange carrier for their payphone lines.²⁵⁰

84. We conclude that Bell Atlantic is not required, as part of the CEI process, to demonstrate how it will administer the PIC selection process for payphones. In the Payphone Order, the Commission specified that a BOC's CEI plan must describe how it will conform to the CEI parameters with respect to the specific payphone services it intends to offer and how it will unbundle those basic payphone services.²⁵¹ The payphone rulemaking proceeding, however, did not require the BOCs to describe how they will administer the PIC selection process in their CEI plans, as requested by AT&T and Oncor. Therefore, arguments raised by parties regarding Bell Atlantic's role as PIC administrator are beyond the scope of this proceeding.

10. Subscriber-Selected Call-Rating

85. APCC and the Payphone Associations contend that, in order to meet the Commission's CEI requirements, Bell Atlantic must provide a coin line service that allows unaffiliated PSPs both to set their own end user rates for local and intraLATA calls and to establish the length of initial and overtime periods.²⁵² An example of an initial rate is \$0.25 for the first five minutes. An example of an overtime rate is \$0.05 for each additional three minute period after the first five minutes.²⁵³ APCC and the Payphone Associations therefore request the Commission to require Bell Atlantic to develop a more flexible rating feature for

²⁴⁸ Oncor Comments at 5. According to Oncor, Bell Atlantic should have described: (1) how it will manage the payphone PIC selection and order implementation process; (2) how it will ensure that all PIC orders obtained pursuant to Bell Atlantic agreements with location owners will be handled on a nondiscriminatory basis, and that all valid PIC orders and location provider agreements will be honored and will not be subject to interference by Bell Atlantic or anyone else; (3) how its marketing personnel will be trained and supervised to ensure that they do not misrepresent Bell Atlantic's role in the payphone PIC selection process; and (4) how its personnel involved in the PIC ordering and implementation processes will be trained and supervised to ensure that they do not "interfere" with the sales and marketing of interexchange services from payphones. *Id.*

²⁴⁹ AT&T Comments at 3.

²⁵⁰ Bell Atlantic Reply at 14.

²⁵¹ Payphone Order, at paras. 203-04.

²⁵² APCC Comments at 13; Payphone Associations Comments at 13-15.

²⁵³ APCC Comments at 13, n. 9.

its coin line service.²⁵⁴ Likewise, APCC continues, Bell Atlantic should specify how directory assistance (DA) rates are set.²⁵⁵ In reply, Bell Atlantic maintains that it is not required, under the terms of the Reconsideration Order, to disassemble the NCL line and provide separate calling rating functionalities under state tariff.²⁵⁶ Further, Bell Atlantic represents that the switch capability to apply different rates for directory assistance and toll calls on a line-by-line basis is not available today.²⁵⁷ Bell Atlantic notes that the Commission's 120-day process for new BSEs is available and should be used by independent payphone providers that seek to disassemble the basic lines or create new functionalities associated with the NCL line.²⁵⁸

86. We find that the Payphone Order did not require the BOCs to provide to independent PSPs an unbundled call rating feature for coin line services.²⁵⁹ In addition, in its Reconsideration Order, in response to a request that it require access to, *inter alia*, call rating capabilities,²⁶⁰ the Commission specifically declined to require this type of unbundling.²⁶¹ As previously noted, independent PSPs may seek additional unbundling through the 120-day ONA process. State regulatory commissions also may impose further unbundling requirements.

11. Operator Service Provider (OSP) Selection

87. APCC requests that the Commission require Bell Atlantic to unbundle operator services from its coin line service so that PSPs may select their own operator service provider for intraLATA calls.²⁶² APCC asserts that, under section 276, PSPs are entitled to select their OSP of choice for intraLATA, including local, operator-assisted calls, and therefore that, to the extent Bell Atlantic does not permit OSP selection for its coin line service, its CEI plan is

²⁵⁴ APCC Comments at 12-13; Payphone Associations Comments at 15.

²⁵⁵ Id. at 14.

²⁵⁶ Bell Atlantic Reply at 4.

²⁵⁷ Id. at 5.

²⁵⁸ Id. at 6.

²⁵⁹ Payphone Order, at paras. 146-48. See also Reconsideration Order, at para. 165.

²⁶⁰ On reconsideration, the New Jersey Payphone Association requested that the Commission require access to call rating capabilities, answer supervision, call tracking, joint marketing, installation and maintenance, and billing and collection. See Reconsideration Order, at para. 155.

²⁶¹ Reconsideration Order, at para. 165.

²⁶² APCC at 14.

inconsistent with section 276.²⁶³ In reply, Bell Atlantic represents that when dialing parity is implemented under section 251(b)(3) of the Communications Act, all payphone service providers will be able to use processes similar to those used in the interexchange PIC selection process to choose a presubscribed carrier for intraLATA calls.²⁶⁴ We find that APCC's request goes beyond the scope of this proceeding, which is limited to determining whether Bell Atlantic's CEI plan complies with the Commission's Computer III CEI requirements.

12. Interim Compensation Scheme

88. Finally, Telco argues that apart from the numerous deficiencies in Bell Atlantic's CEI plan, the Commission should refrain from allowing Bell Atlantic or any BOC to participate in the interim compensation scheme outlined in the Payphone Order.²⁶⁵ We find this argument is beyond the scope of this CEI proceeding. Moreover, the interim compensation rules were addressed at length in the payphone rulemaking proceeding.²⁶⁶

13. Payphone Subsidy

89. The Payphone Associations argue that Bell Atlantic has not provided enough information in its CEI plan to ensure that the subsidy to Bell Atlantic's payphone services is eliminated. Although we recognize that, under the requirements of the payphone rulemaking proceeding, Bell Atlantic must be able to certify that it has complied with the requirement to eliminate any subsidies provided to its payphone operations, we conclude that it is not required to make such a demonstration as part of its CEI plan.²⁶⁷

²⁶³ Id.

²⁶⁴ Bell Atlantic Reply at 14.

²⁶⁵ Telco at 4-7.

²⁶⁶ See e.g., Reconsideration Order, at para. 114-15 (describing the interim compensation mechanism adopted in the Payphone Order).

²⁶⁷ Under the terms of the Payphone proceeding, before its payphone operations may receive compensation for completed intrastate and interstate calls using a payphone under the new compensation plan established in the payphone proceeding, a BOC must, in addition to having an approved CEI plan, be able to certify the following: 1) it has an effective cost accounting manual filing; 2) it has an effective interstate CCL tariff reflecting a reduction in revenue; 3) it has effective interstate tariffs reflecting the removal of charges that recover the costs of payphones any intrastate subsidies; 4) it has deregulated and reclassified or transferred the value of payphone customer premises equipment and related costs as required in the Report and Order; 5) it has in effect intrastate tariffs for basic payphone services (for "dumb" and "smart" payphones); and 6) it has in effect intrastate and interstate tariffs for unbundled functionalities associated with those lines. Reconsideration Order, at para. 131, 132. See also Clarification Order, at para. 29.

14. Semi-Public Service Issues

90. APCC maintains that to the extent that Bell Atlantic's payphone operation continues to offer a "semi-public-like" payphone service that involves charging location providers for lines and usage on their payphones, Bell Atlantic must disclose how such a service will be supported by its network operations and how charges for the service will be treated on the subscriber's bill.²⁶⁸ We find these semi-public service issues to be beyond the scope of the CEI review process.

V. CONCLUSION

91. We conclude that Bell Atlantic's CEI plan complies with the Computer III requirements. Accordingly, in this Order, we approve Bell Atlantic's CEI plan to offer basic payphone service, as described herein. We also grant Bell Atlantic a waiver of the testing requirement for the provision of its coin line (NCL) service, as described above.

²⁶⁸ APCC Comments at 25-26.

VI. ORDERING CLAUSE

92. IT IS HEREBY ORDERED that, pursuant to Sections 1, 4(i) and (j), 201, 202, 203, 205, 218, 222, 276 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i) and (j), 201, 202, 203, 205, 218, 222, and 276 and authority delegated thereunder pursuant to Sections 0.91, 0.291 and 1.3 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291 and 1.3, Bell Atlantic's Comparably Efficient Interconnection Plan for the Provision of Basic Payphone Service IS APPROVED, subject to the requirements and conditions discussed herein.

Federal Communications Commission

A handwritten signature in black ink, appearing to read "A. Richard Metzger, Jr.", with a stylized flourish at the end.

A. Richard Metzger, Jr.
Deputy Chief, Common Carrier Bureau